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FINANCING OF TRANSPORTATION

(Who finances transportation?)

Economic Planning Branch
Policy Planning Division
Department of Treasury and Economics

October, 1969

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TRANSPORTATION FINANCING

General

The operating and financing of transportation enterprise in Canada has been spread among all forms of government and the private sector. Despite the contribution of the public sector, transportation is basically financed by the users. Approximately 89% of the operating revenues and 51% of the capital stock has been provided by the private sector.

The method of financing and the agency providing the capital is usually determined by the economic characteristics of the enterprise. Those transportation facilities that require large sums of fixed capital, such as railroad, highways, harbours and airports tend to be publicly financed or at least publicly assisted. In many of these cases there is a significant stock of common assets where joint utilization by more than one carrier is necessary to provide an efficient use of resources or an economic return on investment.

In many cases the risk of insufficient return on capital prevents private capital from financing major transportation endeavours. In cases such as highway financing the ability for private sources to regain their investment is difficult because of the inefficiencies involved in tolling local roads and streets and the need to assess tolls on highway traffic. In many cases highways can not provide a sufficient rate of return on capital to entice private development and yet the highway may provide substantial community benefits that cannot be captured in the toll structure.

It is interesting to note that in the majority of instances public agencies do not assess any capital charges to the funds required to build public transportation facilities. For example the investment by provincial governments in highway construction from 1948 - 1967 was $8 billion, however no interest charges nor depreciation charges were ever levied against any of these facilities. If private capital were to provide such facilities then such charges would be mandatory. Similar situations exist in respect of much of the funds provided for air navigation and harbour facilities.

Private industry tends to provide the financing for the vehicle or carrier operations and pays a user charge for the publicly provided road bed or right of way. The unit of investment needed for financing an aircraft, a truck or a water borne vehicle is considerably less than that required for the way. In addition there is less risk of technological or economic obsolescence.

The function of transportation investment is to overcome the limitations of space and thus the ends of a journey by any mode of transportation are separated by space. This spacial separation of investment and in many instances the crossing of political boundaries increases the risk factor for private capital.

A further important factor in determining the nature of the transportation investor is the time required for major transportation projects to come into production. In many cases there is a significant time lag between the start of construction and the initiation of service and thus it is only at this latter point that any revenue flow begins.

This time delay between the expense and the revenue flows also increases the risk to the private sector.

An approximate breakdown of the contribution of each agency to the financing of transportation endeavours is provided below:

Source Agency	Transportation Operations %	Capital Funds %	Capital Funds Incl. Estimated Gross Investment in Highway Facilities %
Private	89.3	51.6	36.7
Provincial	2.4	6.5	33.5
Federal	6.4	39.7	28.2
Municipal	1.9	2.2	1.6
Total	100.0	100.0	100.0

It is obvious from the above and from the statistical tabulations to follow that transportation facilities in total are not commercially viable. The important question of course is whether these transportation investments are economically supportable in that they generate sufficient returns to the community as a total. The answer to this latter question has not been pursued in this study.

RAILWAY
TRANSPORTATION

WATER
TRANSPORTATION

AIR
TRANSPORTATION

TRUCK
TRANSPORTATION

HIGHWAY
TRANSPORTATION

COMMUNICATION

URBAN

RAILWAY TRANSPORTATION

Railway Transportation

Rail transportation in Canada is provided by both the public and the private sector. This is more a function of the historical development of Canada and the use of the railroads as a tool for national unity than as a result of economic efficiency. The Canadian Pacific Railway has remained privately controlled and operated while the Canadian National Railway is completely controlled and operated by the Government of Canada.

Railways in Canada have enjoyed substantial subsidy in the past years, however in return for such (dubious) favours they were severely regulated and little rationalization of plant or equipment has taken place. While the shippers of Canada have provided the major operating revenues for the railroads, the public agencies, and in particular the Government of Canada, have provided a major share of the capital.

The development and construction of a railway involves substantial fixed capital and the industry is characterized as a declining cost industry and thus requires substantial volumes of movement before it becomes economically viable.

Railways are (and will in the future be) undergoing a sizeable rationalization of plant and equipment. It is unlikely that the future of Canada will witness any further major railway construction. The additions to the railway network in Canada in the next two decades will be resource roads with high density movements of resources commodities such as forest and mine products. These projects will in most cases be financed by public agencies.

The existing major railways will likely become more important in the inter-city movement of goods in Canada and will be required to provide substantial investment in new equipment. Much of this funding will come from internal sources, however it can be expected that substantial sums will either be provided directly or guaranteed by all levels of government.

FUNDS PROVIDED (SOURCE)

RAILWAYS (CANADA)

Operating Funds: (1967)	
Private	$1,410,507,477
Provincial Government	
Government of Canada	(N.T.A. Subsidy)
Capital Funds:	
Private	$4,535,104,349
Provincial Government	$356,521,000
Government of Canada	$3,782,879,264
Deficit Funds: (1967)	$39,382,486
Subsidy Payments: (1967)	
Freight rate reductions	$ 96,769
Grain Rates Subsidy	$ 104,479
Maritime Freight Rate Act*	$ 23,047,100
National Transport Act	$ 126,000,000
Total Funds:	$10,273,642,924

* Includes associated subsidies to Maritime Provinces.

OPERATING STATEMENT

RAILWAYS (CANADA)
1967

Operating Revenue (all railroads) *includes $108,885,000 of subsidy under the National Transportation Act.	* $1,519,393,000
Operating Expense (all railroads)	$1,443,956,000
Net Operating Revenue	$ 75,436,000
Railway Capital Expense	$ 95,346,000
Net Income	$ 30,079,306 +

+ includes deficits of $39,331,631 (C.N.R.) and $51,855 (Northern Alta). These deficits are covered by the Government of Canada.

CAPITAL STATEMENT

RAILWAYS (CANADA)
1967

Funded debt: (all railroads)	
Private	$231,098,407
Provincial Governments	$232,837,000
Government of Canada (Guaranteed Bonds)[1]	$1,198,718,264
Loans: (all railroads)	
Private	$292,664,000
Provincial Governments	$15,832,000
Government of Canada	$645,994,000
Equipment Obligations:	
Private	$56,075,000
Depreciation	$2,406,619,000
Equity Capital:	
Private	$1,548,647,942
Provincial Governments	$107,852,000
Government of Canada	$1,938,167,000
Total Capital	$8,674,504,613

WATER TRANSPORTATION

Water Transportation

Water transportation and the provision of the facilities required for adequate movement of goods by water is heavily vested with public agencies. The National Harbours Board, the St. Lawrence Seaway, the aids to marine shipping and navigation and the subsidization of vessel construction are all activities either owned or supported by the Government of Canada.

The effective capital charge to the National Harbours Board during the period 1956-1966 is approximately 1-1/2 per cent. The Harbours Board and the Seaway Authority have incurred annual operating deficits and have returned little or no capital to their investors. In addition the Government of Canada has operated a subsidy program that provides substantial volumes of capital for vessel construction.

Water carriers received operating subsidies of over $28 million in 1967. This subsidization has been declining marginally each year.

WATER TRANSPORT

A) Harbours and Navigation - Capital

National Harbours Board:

Capital	- Provided by the Government of Canada for EXPO 1967	11,202,900
	- Harbour Assets	72,993,356
	- Loans and Advances	365,642,860
	- Interest in Arrears	114,561,233
	Total	564,400,349
Accumulated Deficit -		97,175,611

Annual Deficit
National Harbours Board
1958 - 1967

Year	Deficit	Year	Deficit
1958	$(1,072,208)	1963	$4,506,083
1959	$ 594,847	1964	$3,377,557
1960	$ 788,808	1965	$1,327,788
1961	$ (2,007)	1966	$4,523,089
1962	$ 3,577,488	1967	$8,750,634

Major Ontario Harbours - Capital

Toronto -		
	Loans (Private Sources)	$ 6,966,000
	Surplus	30,967,000
Hamilton -		
	Loans (Private Sources)	$ 1,625,000
	Surplus	16,420,449
Thunder Bay -		
	Contributed by Government of Canada	$ 17,673,000

Harbours and Navigation - Operating

	Major Harbours Only			
	Revenue	Expense	Operating Income	Capital Expense
All National Harbours	33,851,506	32,543,887	1,307,619	7,481,979
Toronto	5,808,639	5,680,578	128,061	394,224
Hamilton	2,084,379	2,014,717	69,762	70,348
Thunder Bay	522,671	466,371	56,299	-
TOTAL	42,267,196	40,705,553	1,561,741	7,946,551

St. Lawrence Seaway - Capital

Equity and/Loans from Government of Canada	$ 581,121,534
Deferred Interest	60,610,267
Total Equity	$ 641,731,801
Accumulated Deficit	$ 55,265,365
Est. Annual Subsidy from Government of Canada - Respecting	$ 8,000,000
The Welland Canal (Total 1959-67)	$ (72,000,000)

St. Lawrence Seaway - Operating

Revenue - from users -	$ 22,051,023
Expenses -	17,669,084
Net Operating Income (+ includes an annual deficit of approximately 8 million dollars on Welland Canal operations.)	$ 4,381,939 +
Capital Expense	$ 17,919,032
Net Loss	$ 13,537,093

Non-Toll Canals
(Financed by the Government of Canada)

Revenue	$ 707,248
Expense	3,002,282
Operating Deficit	$ 2,295,034
Capital Expenditure	34,346
Total Deficit	$ 2,329,380

E) Water Carriers - Capital

1967

Capital Investment (Gross)	$ 744,087,404
Accumulated Depreciation	322,158,409
Net Book Value	$ 421,928,995

Note: Much of this gross capital investment has been provided by public sources. i.e.;

i) Federal government ship building subsidies
ii) Accelerated depreciation provision
(See appendix for full discussion of these methods of financing.)

F) Water Carriers - Operating

1967

Revenue:		
	Class I	$ 343,065,282
	Class II	20,564,667
	Class III	2,661,730
Total		$ 366,291,679
Expense:		
	Class I	$ 353,493,922
	Class II	21,621,635
	Class III	2,628,485
Total		$ 377,744,042
Net operating loss: (Class I, II & III)		$ 11,452,363

Total Operations:

Revenue	$ 373,692,968
Expenses	385,278,534
Net Operating Loss	$ 11,585,566

Federal Subsidy on Operations -

Class I & II	$ 28,250,516
Class III	214,394
	28,465,910

Other Income -

Class I & II	$ 5,722,720
Class III	14,202
	$ 5,736,922

Capital Expense -

Class I & II	$ 1,309,077
Class III	29,241
	$ 1,338,318

Net Income -

Class I & II	$ 21,178,551
Class III	232,600
	$ 21,411,151

G) Other Water Transportation Expenditures

1967

Federal expenditures on:

(a)
- marine administration
- steamship inspection
- pilotage
- aids to navigation
- Canadian Coast Guard
- acquisition and construction of land, building and vessels

$ 101,449,793

(b) Capital subsidies for the construction of commercial and fishing vessels.

$ 39,331,611

Subsidies Provided by Government of Canada
To Ontario Shipbuilders
1961 - 1967

Canadian Shipbuilding & Engineering Ltd. Collingwood & Kingston Shipyards	$ 19,574,705.52
Erieau Shipbuilding & Drydock Co. Ltd.	272,454.17
Hike Metal Products, Wheatley, Ontario.	171,887.66
Port Weller Dry Docks Ltd.	13,826,737.10
S.G. Powell Shipyard Ltd., Dunnville, Ontario	130,231.89
Russell Brothers Ltd., Owen Sound, Ontario	1,283,143.23
Grand Total	$ 35,259,159.57

PUBLIC INVESTMENT IN ONTARIO SEAWAY PORTS BY THE FEDERAL GOVERNMENT

Port	1958 $	1959 $	1960 $	1961 $	1962 $	1963 $	1964 $	1965 $	1966 $	1967 $	1968 $	Total $
Amherstburg	25,963	63,780	56,728	25,299	77,001	70,288				47,583		366,642
Belleville				38,008								38,008
Blind River	31,614							56,965	72,421			161,000
Brockville	139,944											139,944
Britt										57,917		57,917
Collingwood		57,111	105,531		144,738		37,166	72,253	298,862	321,565		1,037,226
Cobourg	54,014	95,347	51,483	27,005	26,278	22,667	19,077	93,458	149,669	330,217	189,520	1,058,735
Cornwall				26,670	471,566	111,691	26,161		259,740	66,239		962,067
Goderich	100,327	124,340	98,560	21,702	33,911	283,840	587,156	271,878		18,956	185,003	1,725,673
Gananoque		68,423										68,423
Kingston		27,179		28,598			1,365	75,170	122,584	6,793	151,365	413,054
Kingsville	26,888	72,605			78,240		39,043	26,423		48,755	74,116	295,650
Leamington	392,456	265,453	148,777	97,930		231,439	19,499	75,131			152,399	1,383,084
Little Current	75,303			12,640				186,358	249,417	80,049		603,767
Midland								85,301				85,301
Morrisburg				16,212								16,212
Nipigon			36,152									36,152
Owen Sound	79,620	91,899			187,743	105,112	21,101	228,567				714,042
Port Burwell		248,404	188,240	158,451	101,641	43,187	35,578	57,334	523,402	308,832	253,284	1,918,533
Parry Sound				34,493	146,264				133,421	227,392	18,146	555,716
Pelee Island				23,724	20,073	103,352	22,348					169,497
Port Colborne*	109,283	24,768	106,891		11,803	123,362						
Port Dover			154,076	46,499	72,561			81	4,000	56,783	426,985	760,985
Port Hope	59,901	80,449	33,038	45,317	46,588	29,979	18,052	17,326	43,453		45,341	419,444
Port Maitland		73,880	35,103	136,052	50,823							295,858
Port McNicoll									294			294
Port Stanley	178,194	112,630	123,931	89,255	77,401		78,612	27,804	261,175	374,855	266,689	1,590,546
St. Catharines								212,007	248,638	63,763		524,408

PUBLIC INVESTMENT IN ONTARIO SEAWAY PORTS BY THE FEDERAL GOVERNMENT (Cont'd)

Port	1958 $	1959 $	1960 $	1961 $	1962 $	1963 $	1964 $	1965 $	1966 $	1967 $	1968 $	Total $
Sarnia	38,850	98,856				199,648		73,990		212,040		623,384
Sault Ste. Marie			76,032	144,825		109,606	7,101	269,290	57,325	94,488		758,667
Sombra						31,223						31,223
Port Credit	236,703	435,913	7,647	37,825	527,356	2,574,082	145,291		60,744			4,025,561
Kincardine					48,131					74,301	138,414	260,846
Meaford	119,655	160,261										279,916
Rondeau	28,349	77,870	260,134	42,212	413,357	47,998	123					870,043
Spanish River								27,142				27,142
Trenton											51,863	51,863
Wallaceburg				143,916								143,91
Whitby	193,502	292,207	214,375	342,800	53,890							1,106,774
Prescott Elevator		302,421	26,319	28,284	14,543	80,341	4,484	134,805	234,193			825,390
Port Colborne Elevator				5,900	5,535			7,651	107,114			
Total (Port Colborne)	109,283	24,768	106,891	5,900	17,338	123,362		7,651	107,114			502,307
Oshawa		241,546	59,550	35,047	422,237	122,273	109,758	48,886	133,421	92,273	82,572	1,347,563
Sub-total												26,252,773
Toronto)	Includes private investment by local harbour commissions.											22,177,549
Hamilton)												22,536,835
Port Arthur)												17,283,308
Sub-total												61,997,692
TOTAL												88,250,465

AIR TRANSPORTATION

AIR TRANSPORTATION

Air transportation in Canada, as in the rest of the world, has been heavily subsidized by public agencies. This form of transportation is highly involved with national defence and national prestige. While Canada does have a number of private air carriers operating on both domestic and international routes the principal impetus for the development of commercial aviation in the country has been supplied by the Federal government.

The Government of Canada not only owns and operates Air Canada through the Canadian National Railway but also provides all of the navigation aids and the majority of the ground facilities necessary for commercial aviation. Ontario has initiated a program to provide northern air strips; at present these facilities represent a budgetary obligation of less than $1 million per year.

While there are user charges for government provided facilities these have never been sufficient to cover the costs of operation and interest on the capital employed. At present the accumulated deficit applied to airports alone is approximately $300 million. This deficit is increasing at approximately $57 million per year.

In addition to subsidizing these fixed facilities the Federal government provides an operating subsidy of $1.2 million to the regional airlines. Flight operations are subsidized by the provision of air traffic control and meteorological services. The annual cost of these operations equal approximately $70 million.

Air transportation - both passengers and freight will be one of the fastest growing transportation modes and will therefore require substantial future investment. It is likely that this will be a field of further provincial involvement. The acquisition cost of the sophisticated equipment now required by regional and local carriers is increasing at such a rate that small operators will be effectively barred from entry into the industry.

AIR TRANSPORT

A) Airports and Aerodromes - Capital

Assets of the Government of Canada (at cost less accumulated depreciation)	$ 481,748,000
Accumulated deficit	294,896,000
Total Investment	$ 776,644,000

B) Airports and Areodromes* - Operating

Consists of 190 airports owned and operated by the Government of Canada.

Operating Revenue	$ 33,443,000
Operating Expense	90,185,000
Net Operating Loss	$ 56,742,000

C) Air Carrier - Operating

Operating Revenue	- Unit Toll -	$ 388,400,286
	- Bulk Toll -	72,339,293
	- Total Rev. -	$ 460,739,579
Operating Expense -		$ 431,382,156
Net Operating Revenue		$ 29,357,423
Other Income		6,244,043
Income Before Fixed Changes		$ 35,601,466
Interest Expense		15,471,054
Net Income		$ 14,276,382*

* Note - includes operating losses by Trans Air, Quebec Air, Eastern Provincial Airways of $1,409,617.

D) Government of Canada Contribution to Air Carrier Operating and Capital Funds:

Air Canada - Operating

Operating Revenue -		$ 345,611,220
Operating Expense -		329,731,289
Operating Income -		$ 15,879,931
Capital Expense & Other Charges -	$ 13,857,462	
	5,074,851	
		$ 8,782,611
Net Income		$ 3,547,320

Air Canada - Capital

Notes & Debentures - C.N.R.	$ 302,819,500
Reserves	12,708,821
Common Stock	5,000,000
Surplus	11,630,608
	$ 387,450,510

Subsidy to Regional Airlines

1967	$ 1,200,000 ✓

E) Other Public Expenditures - Air Transport Annual Expenditure 1967

Air Traffic Control	$ 13,136,000
Navigation Aids - Operating and Maintenance Expense	28,905,000
Metrological Services	25,325,000
Airport Construction	45,893,000
Other Airport Assistance	3,291,000
Radio & Communications	4,520,000
Total	$ 121,070,000

TOTAL VALUE OF AERODROME* CONSTRUCTION WORK PERFORMED

(Thousands of Dollars)

	1964(1)			1965(1)			1966(2)			1967(3)		
	New	Repair	Total	New	Repair	Total	New	Repair	Total	New	Repair	Total
Newfoundland Prince Edward Island (5)	1,755	70	1,825	1,151	192	1,343	1,835	189	2,024	4,634	204	4,838
Nova Scotia	593	642	1,235	919	1,234	2,153	634	1,271	1,905	643	1,380	2,023
New Brunswick	744	50	794	229	152	381	310	159	469	507	174	681
Quebec	2,871	714	3,585	1,758	207	1,965	2,401	222	2,623	2,649	239	2,888
Ontario	1,680	728	2,408	522	760	1,282	548	772	1,320	576	832	1,408
Manitoba	1,254	127	1,381	2,785	65	2,850	4,573	91	4,664	5,393	97	5,490
Saskatchewan	110	19	129	883	20	903	705	32	737	518	29	547
Alberta	691	204	895	2,199	78	2,277	1,970	109	2,079	1,730	137	1,867
British Columbia(4)	4,904	68	4,972	4,597	72	4,669	5,547	77	5,624	7,329	79	7,408
Total	14,602	2,622	17,224	15,023	2,800	17,823	18,523	2,922	21,445	23,979	3,171	27,150

Areodrome Construction Performed By Agency

	1964(1)			1965(1)			1966(2)			1967(3)		
	New	Repair	Total	New	Repair	Total	New	Repair	Total	New	Repair	Total
Canada												
Primary Industries	15	43	58	7	15	22	41	13	54	-	12	12
Manufacturing Industry	9	107	116	-	-	-	-	-	-	-	-	-
Utilities	1	-	1	64	-	64	20	-	20	10	-	10
Trade, Finance and Commercial Services	-	-	-	-	-	-	-	-	-	-	-	-
Federal Government Depts.	14,029	2,435	16,464	14,122	2,783	16,905	17,734	2,864	20,598	23,517	3,096	26,613
Provincial Gov't. Depts. Municipal Gov't. Depts. (5) Institutional Services	548	37	585	830	2	832	728	45	773	452	63	515
Total	14,602	2,622	17,224	15,023	2,800	17,823	18,523	2,922	21,445	23,979	3,171	27,150

(1) Actual 1964, Actual 1965.
(2) Preliminary 1966.
(3) Intentions 1967.
(4) Includes Northwest Territories and Yukon.
(5) These are residual figures.

*Aerodromes, landing fields, runways, tarmac.

Source: D.B.S. Construction in Canada, Cat. No. 64-201, Annual Reports 1964-66, 1965-67.

TRUCK TRANSPORTATION

TRUCKING

The trucking industry is perhaps the largest segment of the transportation industry. It includes the for-hire carrier, the private inter-city and urban operator and the farm vehicle. While trucking has become an industry where larger and larger amounts of capital are required to gain entry, it is still relatively easy to enter the field. Thus trucking has many of the characteristics of a purely competitive industry.

The industry is almost totally financed by the private sector and gains most of its capital from equity participation and through the generation of internal capital. The gross investment in property and equipment is not available and therefore a crude estimate is necessary.

The tonnage carried by private urban operators has been increasing rapidly, and it is estimated that by 1980 it will total approximately 40% of all truck volume.

TRUCKING-CANADA

Total expenditure on all forms of trucking in 1967:

$6,230,000,000, of which:

$1,420,000,000 - for-hire carriers

$1,970,000,000 - private inter-city operation

$ 860,000,000 - farm operations

Almost all of this capital and operating expense was provided by private sources. The exceptions being:

(a) for hire trucking firms under the control of government sponsored railway. (i.e. C.N.R., O.N.R., P.G.E. and Northern Alta Railway).

(b) fleets operated by municipal, provincial and federal governmental agencies used for private services.

The gross capital invested in trucking can be approximated by assuming an average purchase price for a vehicle in each class of service: i.e. for-hire, private inter-city, private urban and farm.

No. of Vehicles	Class of Operation	Average Purchase Price Per Vehicle	Gross Capital Investment
67,050	For-Hire		
222,769	Private Inter-city		
449,928	Private-Urban		
357,638	Farm		
1,097,385	Total		

TRUCK TRANSPORT

Expenditures on Trucking (Billion $)

Year	Total	For Hire	Private inter city & Urban	Farm	Private Inter City	 Urban
1957	3.56	.65	2.33	.58	1.27	1.06
1958	3.69	.71	2.39	.59	1.21	1.18
1959	4.05	.86	2.58	.61	1.37	1.21
1960	4.06	.86	2.59	.61	1.21	1.38
1961	4.41	.96	2.82	.63	1.37	1.45
1962	4.60	.99	2.95	.65	1.37	1.58
1963	5.21	1.11	3.35	.74	1.62	1.73
1964	5.41	1.16	3.49	.76	1.68	1.81
1965	6.08	1.32	3.91	.85	1.86	2.05
1966	6.40	1.39	4.14	.88	1.96	2.18
1967	6.23	1.42	3.96	.86	1.97	1.99

TRUCK TRANSPORT

Tons Carried

Year	Total	For Hire	Private Inter-city	Private Urban	Farm
			(million tons)		
1957	451.3	127.8	140.0	154.9	28.6
1958	460.3	140.4	137.9	152.6	29.4
1959	463.8	145.4	136.9	154.6	26.8
1960	478.7	144.9	120.3	177.0	36.5
1961	511.7	156.7	125.8	196.1	33.1
1962	525.7	174.6	121.2	195.3	34.5
1963	568.4	188.1	122.1	219.6	38.5
1964	587.8	201.7	126.7	219.8	39.6
1965	611.9	212.8	130.0	228.3	40.8
1966	629.7	216.3	135.8	225.7	41.9
1967	639.4	221.3	135.9	239.4	42.9

HIGHWAYS

HIGHWAYS

Almost all of the highways built in Canada are provided by a public agency. The Provinces are by far the largest contributors to the highway investment. For the 20 year period 1948-1967 the breakdown of expenditures on highway construction was:

		$
Federal Government	-	378,252,000
Provincial Governments	-	7,813,455,000
Municipal Governments	-	3,359,884,000

In addition, all three levels of government spent substantial amounts on maintenance and administration of the nation's highways and roads.

Despite the general contention that highway facilities are self supporting, the annual revenues from motor vehicles user charges have always been less than the expenditures on these services. In 1967 user charges equalled 61.5% of the funds spent on construction, maintenance and administration of the highway and street system.

EXPENDITURES ON ROADS, STREETS, AND HIGHWAYS IN CANADA

[illegible]struction

Year	Highways and Rural Federal	 Provincial ($000's)	 Municipal	Urban Federal	 Provincial ($000's)	 Municipal
1967	40,190	725,901	125,232			245,029
1966	42,724	804,868	133,872			251,659
1965	24,405	742,951	115,592			210,598
1964	22,189	640,185	90,847			180,238
1963	21,362	508,567	80,361			187,043
1962	22,490	417,443	70,679			160,384
[illegible]1	31,276	405,858	67,588			152,627
1960	34,275	453,443	69,964			193,701
1959	32,517	482,371	66,217			115,366
1958	23,214	457,545	54,257			100,386
1957	20,735	363,769	38,355			93,933
1956	22,375	342,443	37,664			79,409
1955	9,739	259,660	23,828			64,224
1954	3,394	206,407	17,846			51,662
1953	3,451	214,007	16,132			52,132
[illegible]52	3,334	223,566	16,746			41,479
1951	3,875	173,512	13,897			37,686
1950	6,544	138,836	8,669			30,406
1949	6,704	138,739	10,284			29,233
1948	3,459	113,384	7,756			16,903
TOTAL	378,252	7,813,455	1,065,786			2,294,098

EXPENDITURES ON ROADS, STREETS, AND HIGHWAYS IN CANADA

Maintenance

	Highways and Rural			Urban		
ar	Federal	Provincial	Municipal	Federal	Provincial	Municipal
		($000's)			($000's)	
1967	15,066	254,881	93,630			119,634
1966	13,004	240,088	80,339			108,786
1965	11,249	219,197	77,107			101,163
1964	15,753	195,175	66,866			87,448
1963	3,187	180,580	70,312			89,810
1962	2,917	171,665	60,428			83,646
1961	4,434	159,789	51,092			74,092
1960	5,796	146,655	51,123			72,798
1959	5,768	140,862	59,394			70,054
1958	4,488	157,503	47,613			54,618
1957	5,144	133,710	39,917			46,425
56	5,594	135,008	49,197			43,186
1955	8,628	127,782	50,725			40,745
1954	9,125	120,627	48,851			41,221
1953	8,175	104,317	36,420			30,061
1952	6,116	107,785	33,711			29,674
1951	6,183	91,914	29,580			25,697
1950	3,471	80,666	26,332			22,711
1949	2,864	77,717	23,498			19,761
1948	2,595	76,571	19,184			17,568
Total	139,557	2,922,492	1,015,319			1,179,098

EXPENDITURES ON ROADS, STREETS, AND HIGHWAYS IN CANADA

General and Administration

Year	Highways and Rural Federal	Highways and Rural Provincial ($000's)	Highways and Rural Municipal	Urban Federal	Urban Provincial ($000's)	Urban Municipal
1967	2,027	63,145	16,477			21,928
1966	2,190	63,129	10,206			17,951
1965	2,052	53,418	8,651			17,547
1964	2,135	55,516	10,745			15,329
1963	882	46,013	8,607			14,554
62	918	23,081	6,646			10,023
1961	1,439	23,351	7,420			8,814
1960	2,079	23,296	6,052			5,889
1959	2,602	36,323	1,454			6,530
1958	3,063	19,257	1,113			8,696
1957	2,901	44,642	560			6,162
1956	1,822	38,306	322			5,897
1955	1,218	30,532	12			5,227
1954	829	20,105	31			5,000
53	763	11,245	10			4,624
1952	644	10,652	9			3,867
1951	645	12,882	n.a.			2,958
1950	739	12,007	-			2,667
1949	331	9,535	-			2,319
1948	1,121	8,178	-			1,588
TOTAL	30,400	604,613	78,315			167,570

EXPENDITURES ON ROADS, STREETS, AND HIGHWAYS IN CANADA

Subsidy Paid (Received)

	Highways and Rural			Urban		
Year	Federal	Provincial	Municipal	Federal	Provincial	Municipa
		($000's)			($000's)	
1967	95,119	4,586	-(109,668)	11,194	111,368	1,816
1966	121,484	-(7,028)	-(117,665)	11,297	109,492	1,493
1965	107,027	-(9,336)	-(102,962)	9,747	94,803	493
1964	92,068	-(16,732)	-(77,991)	8,015	72,241	887
1963	56,820	9,467	-(69,838)	9,235	73,286	678
1962	45,524	19,957	-(66,028)	7,609	53,246	834
1961	54,144	7,416	-(63,667)	5,746	48,902	359
1960	67,556	-(14,294)	-(57,375)	4,835	40,803	615
1959	65,198	-(1,956)	-(63,519)	1,073	30,491	120
1958	67,434	-(17,793)	-(50,701)	720	24,168	2,162
1957	41,032	-(1,056)	-(45,058)	1,847	21,674	-(34)
1956	30,097	9,448	-(40,002)	463	17,803	1,550
1955	17,058	17,610	-(34,352)	291	13,085	1,852
1954	19,428	8,315	-(29,555)	1,053	10,533	1,533
1953	14,370	11,932	-(25,057)	277	6,378	346
1952	14,941	8,245	-(22,745)	204	5,780	169
1951	10,964	9,626	-(20,188)	242	5,144	135
1950	6,417	11,515	-(17,809)	-	4,003	28
1949	413	14,755	-(15,188)	80	3,921	-
1948	786	11,149	-(12,129)	-	2,340	19
Total	928,880	75,826	-1,041,492	73,928	749,461	15,055

PROVINCIAL REVENUES FROM MOTOR VEHICLE USER CHARGES 1948 to 1967

	Vehicle License	Fuel Taxes	Total Revenue
1948	51,287,732	124,330,987	175,618,719
1949	58,205,854	137,834,316	196,040,170
1950	67,185,528	155,146,585	222,332,113
1951	73,707,694	178,505,307	252,213,001
1952	81,119,360	196,885,566	278,004,926
1953	87,788,069	219,876,095	307,664,164
1954	93,849,956	235,702,205	329,552,161
1955	113,519,484	264,407,817	377,927,301
1956	127,809,526	295,039,674	422,849,200
1957	139,656,964	340,662,557	480,319,521
1958	146,048,716	358,354,425	504,403,141
1959	162,074,455	376,226,346	538,300,801
1960	172,185,456	396,239,485	568,424,941
1961	182,974,239	441,633,613	624,607,852
1962	189,864,078	475,539,880	665,403,958
1963	211,160,502	530,335,514	741,496,016
1964	225,152,173	606,638,135	831,790,308
1965	245,731,605	671,972,144	917,703,749
1966	256,388,229	733,711,023	990,099,252
1967	278,709,993	781,812,992	1,060,522,985

TOTAL EXPENDITURE ON URBAN STREETS, BY PROVINCE
1956 TO 1967

All Levels of Government
($ million)

Year	New foundland	Prince Edward Island	Nova Scotia	New Brunswick	Quebec	Ontario	Manitoba	Sastatch-ewan	Alberta	British Columbia	Total
1956	$2.1	$ .4	$3.3	$3.3	$34.5	$53.4	$ 5.5	$ 5.5	$5.7	$ 6 .6	$129.7
1957	2.3	.2	3.1	2.7	48.4	56.3	6.8	4.5	15.5	7.6	147.4
1958	1.9	.5	3.3	3.4	48.5	70.9	7.1	5.8	14.5	8.4	164.3
1959	2.3	.3	2.9	3.4	58.7	80.2	7.8	8.0	16.5	11.8	191.9
1960	1.7	.3	3.9	3.2	101.3	99.0	13.3	13.0	19.5	17.1	272.3
1961	1.9	.4	3.7	3.7	61.3	105.8	10.5	10.8	22.1	15.1	235.3
1962	1.7	.2	6.0	4.1	62.2	116.5	11.9	10.5	21.8	19.0	253.9
1963	2.7	.5	6.1	3.8	63.3	147.3	14.3	13.6	19.6	19.9	291.1
1964	3.8	.6	6.0	4.2	63.3	134.9	14.6	13.5	17.2	24.7	282.8
1965	4.1	.5	6.0	4.7	69.8	160.8	20.2	18.5	20.7	23.9	329.2
1966	5.4	.5	6.7	4.6	79.0	177.7	18.2	33.1	28.2	24.8	378.4
1967	3.5	1.2	6.1	5.5	88.3	178.0	17.9	20.0	40.4	25.5	386.5

ESTIMATED EXPENDITURES OF THE GOVERNMENT OF CANADA ON HIGHWAYS, ROADS AND BRIDGES

Fiscal Year 1966-67
(thousands of dollars)

Grants:	
Trans-Canada Highway	88,314
Roads-to-Resources	4,928
Railway Grade Crossing Fund	17,017
Gaspe Project*	2,500
Atlantic Development Board Trunk Highway Program	9,000
Roads in the Yukon and NWT	9,691
TOTAL GRANTS	131,450
Direct Expenditures**	21,702
TOTAL	153,152 ***

*Official Title: Reconstruction of Highway No. 6, Counties of Matane and Gaspe North.

**Roads in National Parks, Alaska Highway, Indian Reserves, Military Areas and the National Capital Area.

***Excludes Subsidies to Municipalities for Urban Roads and Streets.

EXPENDITURES ON ROADS AND HIGHWAYS IN ONTARIO

	Highway-Rural Road			Urban Streets		
	Provincial	Municipal	Total	Municipal	Other	Total
	(millions of dollars)			(millions of dollars)		
1957	177.3	26.1	203.4	35.8	21.0	56.8
1958	185.3	28.3	213.6	-	-	70.9
1959	-	-	-	-	-	80.2
1960	176.1	34.0	210.1	58.6	41.0	99.6
1961	183.2	29.8	213.0	59.9	47.9	107.8
1962	188.8	37.3	226.1	68.0	50.4	118.4
1963	228.2	41.4	269.6	-	-	147.3
1964	273.1	40.9	314.0	66.5	69.6	136.1
1965	291.6	46.2	337.8	81.3	80.7	162.0
1966	326.8	52.3	379.1	86.4	92.8	179.2
1967	360.1	60.1	420.2	86.8	93.0	180.6

DEPARTMENT OF HIGHWAYS, PROVINCE OF ONTARIO
(EXPENDITURE)

	Maintenance	Capital	Total
		(thousands of dollars)	
1956	88,178	115,635	203,813
1957	93,646	160,669	256,315
1958	93,209	179,635	272,844
1959	89,250	187,007	276,257
1960	75,500	176,000	251,500
1961	77,500	190,440	267,940
1962	78,413	185,887	264,300
1963	82,500	192,500	275,000
1964	86,339	213,067	299,406
1965	92,141	237,252	329,393
1966	107,886	265,379	373,265
1967	125,576	297,426	423,002

PROVINCIAL EXPENDITURE ON TRANSPORTATION

PUBLIC ACCOUNTS - ONTARIO

Expenditure by Dept. (Annual)	1969		1968		1967		1966	
	$	%	$	%	$	%	$	%
Energy and Resources Management								
- Special Grant to Cover Losses on O.N.R.					1,194,357	0.29	861,526	0.25
Department of Highways								
- Administration	7,724,000	1.59	6,960,000	1.64	6,248,517	1.53	4,708,775	1.34
- Purchasing	9,902,000	2.04	9,650,000	2.27	9,263,435	2.27		
- Planning and Design	16,324,000	3.36	13,253,000	3.11	12,902,498	3.16	22,670,059	6.46
- Property Purchase	27,893,000	5.73	20,518,000	4.82	19,609,263	4.81	12,248,123	3.49
- Research (Engineering)	5,503,000	1.13	5,022,000	1.18	4,603,723	1.13		
- Maintenance								
(a) Direct	64,581,000	13.28	60,506,000	14.22	58,061,293	14.24	54,997,105	15.67
(b) Municipal Subsidy	50,000,000	10.28	45,000,000	10.58	41,954,924	10.29	37,700,577	10.75
- Construction								
(a) Direct	183,699,000	37.76	162,240,000	38.13	152,851,094	37.48	137,790,273	39.27
(b) Municipal Subsidy	87,000,000	17.88	79,000,000	18.56	75,431,602	18.50	64,939,875	18.51
- Statutory								
- Commuter Rail	10,376,000	2.13	3,600,000	0.85	9,607,241	2.36	168,115	0.05
Department of Lands and Forests								
- Access Roads Summer Resorts	325,000	0.07	150,000	0.04	53,031	0.01	17,013	0.01
- Construction Logging Roads	300,000	0.06	300,000	0.07	242,830	0.06	327,086	0.09
- Forest Access Roads	1,300,000	0.27	1,100,000	0.26	505,863	0.12	425,279	0.12
- Maintenance Access Roads	1,040,000	0.21	799,000	0.19	617,884	0.15	505,119	0.14
- Air Services Branch								
Department of Mines								
- Construction of Mining Access Roads	1,000,000	0.21	1,000,000	0.23	331,765	0.08	1,408,150	0.40
Department of Transport								
- Administration	1,552,000	0.32	1,926,000	0.45	1,640,134	0.40	921,172	0.26
- Ontario Highway Transport Board	451,000	0.09	209,000	0.05	197,458	0.05	196,338	0.06
- Motor Vehicle Admin.	8,814,000	1.81	8,226,000	1.93	6,787,343	1.66	6,402,372	1.82
- Motor Vehicle Accident Claims	7,464,000	1.53	6,072,000	1.42	5,212,979	1.29	4,103,303	1.17
- Highway Safety	606,000	0.12			497,676	0.12	473,378	0.14
- Transportation Planning	619,000	0.13						
	486,473,000	100.00	425,531,000	100.00	407,814,910	100.00	350,863,638	100.00

COMMUNICATIONS

COMMUNICATIONS - VOICE AND DATA TRANSMISSION

The information included in this section deals with the communications industry under four classifications.

A) Telegraph and Cable Transmission

B) Telephone Transmission

C) Radio and Television Broadcasting

D) Community Antenna Television

E) Post Office

The communications industry has been subject to rapid changes in technology and thus the statistical data available on all forms of communications is incomplete and in some cases non-existant. The industry, like many other transportation modes, is composed of a mixture of public and private investment. Much of the industry is publicly subsidized in both operations (i.e. Post Office) and in capital investment (i.e. Telstat).

A) Telegraph and Cable Transmission

No. of companies in industry - 9

The two major carriers are (a) The Canadian National-Canadian Pacific Telecommunications System and (b) The Canadian Overseas Telecommunication Corporation. The latter's operations included intercontinental cable networks in addition to satellite receiving and transmission systems.

a) The growth of the industry is shown in the following table:

Telegraph and Cable Transmission Companies
Operating Statistics

Year	Cost of Property and Equipment $	Accrued Depreciation on Property and Equipment $	Operating Revenue $	Operating Expenses $	Net Operating Revenue $	Net Income Before Income Tax $
1950	82,295,903	-	23,922,225	22,545,625	1,376,600	853,015
1955	124,300,785	-	39,320,960	32,501,844	6,819,116	6,183,358
1960	267,385,018	47,579,541	58,546,167	45,538,063	13,008,104	11,761,141
1961	299,568,298	57,666,800	64,053,626	51,735,006	12,318,620	10,696,819
1962	336,373,865	69,004,721	71,379,074	56,451,679	14,927,395	13,546,787
1963	391,172,974	81,522,905	73,611,349	60,256,828	13,354,521	12,745,754
1964	425,324,144	99,543,464	78,743,332	63,865,422	14,877,910	11,761,668
1965	447,295,483	115,380,779	86,087,398	68,869,393	17,218,005	13,929,759
1966	474,826,188	133,297,029	95,478,146	74,684,229	20,793,917	17,402,764
1967	494,486,481	147,921,196	104,504,533	78,715,818	25,788,715	21,745,150

b) Telegraph and Cable Transmission Companies - Operating

	C.N.-C.P. $	Overseas Telecommunication Corp. $	O.N.R. $	Other $	Total $
Revenue	76,610,000	24,339,000	298,695	3,256,305	104,504,000
Expenses	62,105,000	14,052,000	342,892	2,216,108	78,716,000
Gross Income	10,795,000	3,990,715	(47,659)	395,837	15,133,893
Capital Expense	7,675,000	2,432,942	3,462	(19,022)	5,092,402

c) Telegraph and Cable Transmission Companies - Capital

The capital for the two largest telegraph operators has been provided by other corporate entities or from public sources.

(i.e.) Canadian National - Canadian Pacific Telecommunications Systems: is a joint venture of both national railways and thus the capital is provided by the parent companies.

Canadian Overseas Telecommunication Corporation: is owned by the Government of Canada and is operated as a crown corporation. Its capital structure is as follows:

Advances from the Government of Canada -	$ 52,383,257
Surplus -	23,264,315
Total Capital -	$ 75,647,572

Total Capital of Industry

The gross investment in property and equipment is $494,486,481 with accumulated depreciation of $147,921,196 leaving a net book value of $346,565,285 representing the investment in fixed assets.

B) Telephone Transmission

There are 2,281 telephone companies that operate in Canada. The majority of these are small rural companies servicing a local area. The largest of these companies is Bell Canada, which operates in the Provinces of Newfoundland, Quebec, Ontario and the Northwest Territories. Ontario is also serviced by 94 other telephone systems, administered under the Ontario Telephone Service Commission and by the Ontario Northland Communications System.

Telephone - Revenues (by Province)

	Local Service	Long Distance Service	Advertising	Other	Total
	$	$	$	$	$
Newfoundland	5,483,035	5,088,270	182,008	102,219	10,855,532
Prince Edward Island	1,730,875	1,194,915	37,671	10,940	2,974,401
Nova Scotia	16,929,953	14,746,013	578,346	584,822	32,839,134
New Brunswick	12,550,763	15,962,843	341,565	724,433	29,579,604
Quebec*	422,644,237	276,204,485	30,547,664	24,777,162	754,173,548
Ontario	11,199,968	7,477,375	52,212	2,534,389	21,263,944
Manitoba	19,868,080	21,391,471	1,330,909	1,609,125	44,199,585
Saskatchewan	16,656,272	21,587,231	665,461	10,549,816	49,458,780
Alberta	37,812,649	47,234,159	3,018,410	3,518,080	91,583,298
British Columbia	67,561,211	49,805,672	2,678,869	6,881,997	126,927,749
Northwest Territoris	-	-	-	-	-
Total	612,437,043	460,692,434	39,433,115	51,292,983	1,163,855,575

Telephone - Expenses (by Province)

	Interest	Income and Other Taxes	Other Operating Expenses	Total
	$	$	$	$
Newfoundland	1,460,311	937,405	7,667,232	10,064,948
Prince Edward Island	174,742	456,555	1,931,378	2,562,675
Nova Scotia	2,263,120	5,623,445	19,865,898	27,752,463
New Brunswick	1,965,252	4,473,759	18,906,134	25,345,145
Quebec*	56,734,835	135,246,693	449,780,803	641,762,331
Ontario	2,232,255	812,475	14,586,081	17,630,811
Manitoba	8,011,458	883,256	32,325,289	41,220,003
Saskatchewan	7,185,011	505,588	31,459,461	39,150,060
Alberta	16,740,527	2,297,370	70,084,625	89,122,522
British Columbia	12,933,245	18,316,270	49,578,348	80,827,863
Northwest Territories	-	-	-	-
Total	109,700,756	169,522,816	696,185,249	975,438,821

*Bell Canada Figures are shown for Quebec. However, these figures include Bell operations in other Provinces.

Telephone - Capital

			$
Long Term Debt		-	1,884,436,000
Accumulated depreciation		-	1,193,255,000
Equity:	Capital Stock	-	1,162,523,000
	Premium on Stock	-	403,570,000
	*Equity of all Governments	-	195,260,000

*Largely provincial and municipal governments.

Surplus	-	311,417,000

Equity of All Governments by Province

	($000's)
Ontario	1,715
Manitoba	56,490
Saskatchewan	135,922
British Columbia	1,133
All others	nil
Total	195,260

The gross investment of the telephone industry in plant and equipment was $4,925,912,000 in 1967, the accumulated depreciation was $1,193,255,000, leaving a net book value of $3,732,657,000.

C) Radio and Television Broadcasting

In 1967 there were 305 privately owned radio stations, 66 privately owned television stations operated in Canada, in addition to the radio and television stations operated by the Canadian Broadcasting Company. Of this total of privately operated broadcasting stations, 104 radio stations and 17 television stations were located in Ontario.

Radio & Television Broadcasting - Revenue (1967)

($000's)

	Private Stations	C.B.C.	Total
Broadcasting Revenue from:			
Network Advertising	99,949	26,810	126,759
Local Advertising	71,644	1,307	72,951
Sub Total	171,593	28,117	199,710
Non Broadcasting Revenue	12,345	2,183	14,528
Total Revenue	183,938	30,300	214,238

Radio & Television Broadcasting - Expense (1967)

($000's)

	Private Stations	C.B.C.	Total
Total Operating Expense	156,466	175,985	332,451
Net Operating Profit (Loss)	27,473	(145,685)	(118,212)
Net Income	13,539	-	
Grant paid by the Government of Canada to cover operating losses of the C.B.C.	-	$145,685,000	

Radio & Television Broadcasting - Capital Account (1967)

($000's)

	Private Stations	C.B.C.*	Total
Long Term Debt	40,693	74,125	114,818
Reserves	4,654		4,654
Preferred Stock	17,699		17,699
Common Stock	9,662	29,179	38,841
Surplus	48,984		48,984
Total	121,692	103,304	224,996

* Provided by the Government of Canada.

The gross capital investment in property and equipment in the Radio and Television Braodcasting Industry in 1967 was $300,342,647. Subtracting $131,257,608 of accumulated depreciation leaves a net book value for investment of $169,085,039.

The net book value of capital assets belonging to the C.B.C. is $87,918,259.

D) Community Antenna Television

In 1967 there were 314 community antenna television stations. A Dominion Bureau of Statistics survey showed that there are over "1.2 million potential subscribers along existing wireline facilities and over 3.6 million potential subscribers within the boundary limits of the area to which the C.A.T.V. licences pertain."

Wireline Facilities, Subscribers and Contracts of the CATV Industry by Area, 1967

		Atlantic Provinces 5 stations	Quebec 121 stations	Ontario 101 stations	Manitoba, Saskat- chewan and - et Alberta 17 stations	British Columbia 70 stations	Total 314 stations
Wireline facilities used by stations							
Number of stations							
(a) Owning all facilities		3	69	44	12	59	18
(b) Leasing all facilities		-	5	2	-	-	-
(c) Partly owning and partly leasing facilities		2	47	55	5	11	12
Individual subscribers							
(a) Number of subscribers		3,058	101,810	174,636	11,874	117,475	408,85
(b) Number of subscribers added during year		479	15,053	37,716	527	31,391	85,16
(c) Average installation charge	$	20	27	16	12	31	2
(d) Average monthly service charge	$	4	6	4	4	5	

Wireline Facilities, Subscribers and Contracts of the CATV Industry by Area, 1967 (Cont'd)

	Atlantic Provinces 5 stations	Quebec 121 stations	Ontario 101 stations	Manitoba, Saskatchewan and - et Alberta 17 stations	British Columbia 70 stations	Total 314 stations
mmercial and bulk contracts						
(a) Number of contracts	4	876	2,312	820	2,756	6,768
(b) Number of outlets	40	7,751	38,571	1,708	59,561	107,631
(c) Number of outlets added during year	10	1,124	12,682	389	14,925	29,130
mber of potential subscribers ong [illegible]sting wireline facilities	7,100	268,711	416,515	27,158	505,926	1,225,410
mber of potential subscribers in eas served	8,400	560,099	1,748,134	133,555	1,201,429	3,651,617

Community Antenna Television - Operating Revenue and Expenses

dollars

erating revenue						
Installation charges	2,889	680,491	333,911	64,045	949,608	2,030,944
onthly service charges	116,042	4,291,058	7,760,287	736,687	6,188,826	19,092,900
ther operating revenue	6,897	445,434	215,480	22,062	300,973	990,846
Operating revenue - Total	125,828	5,416,983	8,309,678	822,794	7,439,407	22,114,690
erating Expenses						
Inter[illegible]t	-	336,744	323,224	58,509	811,075	1,529,552
epreciation	21,356	1,058,918	1,715,666	166,940	2,271,028	5,233,908
ther						
Operating expenses - total	106,479	5,052,281	7,193,142	702,965	7,408,160	20,463,027
operating revenue	19,349	364,702	1,116,536	119,829	31,247	1,651,663

Community Antenna Television - Capital

	$
Long-term debt	15,807,020
Other Liabilities	6,869,453
Preferred Stock	10,013,715
Common Stock	2,397,041
Earned Surplus	1,188,850
Total Capital	36,276,079

The current gross investment in plant and equipment is $50,798,819; less accumulated depreciation of $16,654,248; leaving a net book value of $34,144,571.

E) Post Office - Operating Statement

Revenue:	$281,645,631
Expense:	
Salaries, Wages and Departmental Administration	4,553,895
Operations of Post Offices	205,595,867
Transportation	87,094,622
Financial Services	4,578,670
Total	301,823,054
Other Expenses:	
Accommodation by Public Works	38,871,000
Contributions to Superannuation	16,542,000
Other	1,497,000
Total Expense	358,755,754
Other Revenue:	9,798,717
Net Deficit	67,191,044

The Government of Canada contributes the necessary funds to compensate for the annual net deficit.

URBAN TRANSPORTATION

URBAN TRANSIT

In almost all Provinces, the operators of the urban transit facilities are deficit -financed by some public agency. The Province of Ontario is the only exception (however, in Ontario the largest transit operator - the T.T.C. - receives a capital grant for roadway expenditures from the Provincial government.) It is also significant to note that no Province, with the exception of Ontario, earned a net operating profit, even if interest on the capital facilities were excluded. In Canada the users of urban transit failed to provide revenues sufficient to meet the expenses they generated; the short-fall was in excess of 2 million dollars.

The Martime Provinces were able to show a net income from transit operators by virtue of a subsidy from other operations that are combined with the transit operations.

URBAN TRANSIT

Urban Transit - operating statement

Revenue: 1967	Atlantic	Que.	Ont.	Man.	Sask.	Alta.	B.C.	Total
				($000's)				
Regular Urban Service	4,160	81,778	81,948	8,563	2,642	9,254	15,632	203,979
Inter-city Service	-	238	57	-	-	-	2	297
Other Transportation Revenue	134	3,998	2,940	187	244	757	707	8,967
Other Revenue	39	2,586	1,419	158	50	278	62	4,593
Total Revenue	4,333	88,601	86,364	8,909	2,937	10,291	16,400	217,835
Expenses:								
Depreciation	355	466	7,476	719	208	1,092	1,378	11,695
Total	4,842	88,803	81,565	11,341	3,627	11,987	18,024	220,190
Net Operating Revenue (Loss)	(500)	(185)	4,869	(2,431)	(691)	(1,696)	(1,623)	(2,354)
Interest	1,794	1,755	3,597	270	29	435	708	8,588
Income Tax	3,082	221	133	-	-	-	-	3,435
Net Income (Loss)	3,113	(2,247)	1,676	(2,483)	(786)	(1,496)	(2,270)	(4,491)

Urban Transit - Capital Statement

	$
Long Term Debt	182,564,138
Reserves	15,617,975
Capital Stock	27,555,105
Capital Surplus	6,863,322
Earned Surplus	55,326,091
Total	287,926,631 *

Investment in Plant and Equipment	$ 377,343,590
Accumulated Depreciation	168,864,668
Net Book Value of Property and Equipment	208,478,922

* A major portion of this capital is contributed by various public agencies. Also the deficits in net income for the transit operations of various jurisdictions are underwritten by public agencies. (No figures are available as to the exact extent of the subsidization.)

Passenger Bus Services - operating account

(1967)

		$
Revenues:		
Pass - inter-city & rural		69,682,924
urban & suburban		870,934
chartered		13,253,663
Freight		6,327,957
Other		3,114,996
Total Revenue		93,250,474
Expenses:		
Depreciation	($6,181,649)	
Total Operating Expense		79,798,050
Net Operating Revenue		13,452,424
Interest Expense		1,334,925
Net Income (after taxes)		8,184,296

The gross investment in Passenger Bus plant and equipment is $86,445,286 with an accumulated depreciation reserve of $45,163,628 leaving a net book value of $41,281,658 for plant and equipment.

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Ontario. Dept. of Treasury
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